

SB 78 ADOPT MODEL LANGUAGE FOR MONTANA GUARANTY ASSOCIATION

A bill to update the Montana Life and Health Guaranty Association Act to the most recent version of the National Association of Insurance Commissioners Model Act

What does SB 78 do?

Senate Bill 78 updates the Montana Life and Health Guaranty Association Act to the most recent version of the National Association of Insurance Commissioners (NAIC) Model Act. The bill was recommended by the Commissioner of Securities & Insurance at the request of the Montana Life and Health Guaranty Association. Insurance companies prefer to have uniform legislation from state to state and work closely with the NAIC to develop model laws through a public and transparent process.

Both the Montana Insurance Commissioner and the Guaranty Association feel that maintaining consistency with the NAIC model act is important. An NAIC accreditation team conducts reviews of each state's insurance commissioner every five years. The reviews are conducted to determine if a state's laws, among other items, meet the standards agreed to by all other state commissioners. Montana

does not require a company doing business in Montana to file financial statements if the company is domiciled in an accredited state. Most states give companies domiciled in Montana this advantage, as long as Montana maintains its accreditation. States can be assured that a company domiciled in another accredited state meets all of their state's standards. The accreditation process saves both the states and the insurance companies time and money.

The provision in section 9, page 24, increases the amount of the present value of an annuity benefit from \$100,000 to \$250,000, increases the amount of the unallocated annuity benefit for an individual participating in a government retirement benefit plan from \$100,000 to \$250,000 and increases the amount of a structured settlement annuity benefit from \$100,000 to \$250,000.

The guaranty association is a necessary tool to protect consumer's financial security.

What is the Montana Guaranty Association ?

The Montana Life and Health Guaranty Association is comprised of all life and health insurers licensed to sell insurance in Montana. The purpose of a state guaranty association is to provide a mechanism for the prompt payment of covered claims of an insolvent insurer, so that catastrophic financial loss to certain claimants and policyholders may be avoided.